

## **A New Angle**

### **Episode 76**

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**Justin Angle:** This is A New Angle, a show about cool people doing awesome things in and around Montana. I'm your host, Justin Angle. This show is supported by First Security Bank, Blackfoot Communications and the University of Montana College of Business.

**Justin Angle:** Hey, folks, welcome back and thanks for tuning in. Today is our December edition of Incentives & Instincts, a recurring series in which I speak with economist and friend Bryce Ward about some of the broader challenges facing our society. Bryce, how are you today?

**Bryce Ward:** I'm good, Justin. Happy holidays.

**Justin Angle:** Happy holidays to you and yours as well. Happy holidays to listeners. You know, in this series, we spend a lot of time talking about problems. Most of them big and difficult to solve. But it's the end of the year and it's the holidays and we're feeling a little bit celebratory. So today we're going to talk about what's going well in the world. What do you think of that, Bryce?

**Bryce Ward:** Different thing. But yeah, it is useful to you know remember that not everything is a problem.

**Justin Angle:** Is it hard for the dismal scientist to break out of that mind frame?

**Bryce Ward:** I guess so, although I try not. I mean, I really do try and remind myself that we have negative bias and it tends to shape too much. But, you know, there's always problems to be solved. And that is kind of how my brain does work. I guess I have a problem centric view of the world, but the good news is that people solving problems are going to help us are going to be, I think, a big source of what are going to talk about today is that sometimes when we're thinking about these problems, we actually come up with solutions and over time it takes time, but over time, things get better.

**Justin Angle:** That's true. And I must say, Bryce, you are the cheeriest of the economists I know. So, consider that high praise.

**Bryce Ward:** It's a low bar.

**Justin Angle:** So, let's get started. So, I have a couple of things. On the election, the 2022 midterms that I found to be very encouraging. And that was broadly, the election went off with not any noticeable dysfunction, very little controversy and no violence. I mean, the vitriol going into the election was stark. And it seems like, you know, the notion that we were headed for

some disaster didn't come to pass. And also seems like the returns to election denial were low across the board. The candidates that made that the central piece of their message didn't perform as well as the candidates who presented solutions to problems that people care about. Beyond that, there was a lot of ticket splitting, which I think is the sign of a healthier democracy. It's something that we've talked about people being thoughtful about various candidates in various positions. And broadly, it seems like the system worked and people wanted the system to work right. Which I think are two important things that tie together.

**Bryce Ward:** Yeah, I think I agree with all of those points. A, obviously it's great that there's wasn't I mean, there was violence around the election, but there was not significant violence around the election and there was not. People tended to accept the results and move relatively quickly past them. And then I think the most important point is the one that you made, which is people who pushed the electoral denial system got punished by enough to not win elections. So hopefully that then tells a, you know, intelligent politicians who hope to succeed that this is not a, this is not a play to run. And that helps us in the long term. In terms of just the first benchmark for all the election related, all democratic stuff is do we make it to the next election? And I think that helps us make it to the next election and hopefully it helps us make it beyond that. And yeah, the ticket splitting, and you actually sent me that in Alaska, Democrats and Republicans got together at the middle and said, hey, we'll take control. And I you know, I've been advocating, I don't know if I've done that on here yet. I've advocated it at least to you, many times that when, you know you have closely divided houses in the legislature, when that happens, you know, I don't understand why you always didn't just say, well, I'm going to stick

with my party when, you know, there's clear incentives to, you know, say, hey, it only takes like five of us to take control. And let's use that power to try and change some of the structures in the rules that are not very good to, you know, again, identifying problems and then solving them.

**Justin Angle:** Right. And we do have signs that that could potentially happen in Montana in the next legislative session with the Solutions caucus. We'll see how that group emerges and their mindset as they approach the session. But to kind of drill on this Alaska legislature piece a little bit more. You know, this struck me as really interesting and refreshing. And it's become a bit of a tradition in Alaska that after an election, a bipartisan group comes together, forms a majority, and kind of runs the show. And it's just a refreshing note of collaboration and like, hey, here are the problems that our constituents care about. Let's come together and figure out a way to solve them. Let's have government solve problems. And that's kind of a premise of government that we, you know, we've talked about on this show. So, it's nice to see that kind of, you know, I think that spirit, that we see in that Alaska legislature is kind of consistent with what we saw from the electorate in this recent midterm?

**Bryce Ward:** Yeah. Hopefully, you know, and hopefully that then gets reflected in how our politicians act and behave towards each other. And then hopefully that makes it easier for the rest of us to then be like, yeah, this is much better. This is nice. I don't need to live in a world where people are trying to hate each other all the time. Like, let's just find things we agree on.

And okay, you disagree with me, but maybe we can be friends on the next one. That strikes me as a much healthier way to live our lives.

**Justin Angle:** Yeah. And there's a positive feedback loop associated with that, right. Like we have, you know, maybe a softening of the vitriol, softening of the rhetoric. Government focuses on solving problems. Government is able to solve some problems. The constituents say, oh yeah, it's kind of nice when politics is a little less intense. And actually, my life gets better because of things that the government has done or not done, and you could see it start to gain some momentum.

**Bryce Ward:** I want to be able to ignore it.

**Justin Angle:** Yeah, that'd be good.

**Bryce Ward:** That to me is the greatest thing in the world, right. Is, oh, they're talking about some big bill. Oh, let me pay attention to that. Oh, that seems reasonable. Okay. I'm going to go back to living my life and not have to stand there and try and figure out the, you know, politicians aren't using their power to, you know, their very thin majorities to try and impose their will on the rest of the country. Like let's just, you know, identify problems, find things that we agree on and solve it, you know, when we can find strong majorities for things, let's do them as opposed to like nah we can't do that cause that's a win for either side or whatever it is we've been doing for the past 20 years or so.

**Justin Angle:** Let's shift gears to the economy. You know, what are some things you're looking at in the economy, in the markets right now that give you positive vibes?

**Bryce Ward:** Well short run, it does look like things are getting a little better. We may be seeing, we may be on the cusp of seeing actual inflation start to come down, but without us having a recession. But it's probably too early to tap that is full good news. I'm going to take a bigger picture, longer term look and just note that poverty is down. If you went back, say, 15 years, the poverty rate or, you know, it's known as the supplemental poverty measure, it's the poverty rate that accounts for transfers, taxes and transfers. So, it's after you receive whatever support that the public provides you and whatever tax credits you might get. It used to be 15% and now it's nine, you know.

**Justin Angle:** And how is poverty defined?

**Bryce Ward:** Poverty takes the size of your household, and then it sets a bar for how much money you need to support that household. And so, you know, so essentially the supplemental poverty, it's not just the income that you're getting from market sources, it's adding government sources to that as well. Yeah, and we've seen that fall by, you know, I mean, more than a third of the population that used to be in poverty is now not. It doesn't mean that they're doing well. It doesn't mean that they're doing great. Doesn't mean that there's not problems. But it's still a good thing to take people out of poverty. We've done that nationally, but it's also

globally, right? Globally, the share of people living in extreme poverty has plummeted over the past several decades and it's useful to stop every once in a while, and say, Hey, that's a good thing. If you've gone to policy discussions in the nineties when we were in college, you would've heard a lot about, oh, how do we fix, how do we reduce poverty? How do we get fewer people into poverty both in the United States and globally? And again, there's still lots of work to do, but the fact that we have made significant progress here and abroad in reducing the share of people who are living in extreme poverty globally or just living in, you know, our poverty here, I think that's a good thing. Something that we should note and say, hey, good work society.

**Justin Angle:** Good work society. I like that. Yeah, I think that is really encouraging. And when you get people out of poverty, you start to get them closer to that margin of sustainability. Right. They can get a job, they can get a bank account, they can keep housing in a more sustained way. They're less on the rivet and you get more people on the other side of that hump and you get more people that are able to not only care for their needs and the needs of those around them, but also start making positive contributions to society as well.

**Bryce Ward:** It just frees up bandwidth. You know, and in particular, we know that it matters for children, right? We know that basically any program that we do that's designed at improving the material well-being of children pays off multi times over in the long run because we move kids from, you know, poverty to not poverty or without health care to with health care. And for reasons which are complicated and I'm not sure we fully understand, but we

know that when we come back and we look at those kids when they're in their twenties, in their thirties, they're more likely to be working. They're earning more money, they're less likely to be in jail. And all of those things benefit all of us collectively as a society.

**Justin Angle:** Yeah, I think that's important thought exercise for everybody to engage in. And that is how much did you have to do with the family you were born into? Right. It's a function solely of luck. Right. And we often in life to kind of over value our own actions and the outcomes that we achieve or don't achieve. But the outcome of your birth is something entirely not up to you. And I think that's pretty easy to grasp when you do that thought exercise. But think about that when it comes to the sort of life you have versus the life other people have. So, kind of on the other end of that, I have a comment from the markets that I think is a sign of health right now. We've seen a pretty significant correction in the tech space, in particular, a lot of the social media stocks, Meta most prominently. And I think this is potentially the unwinding of a bubble, but in a way, that's not broadly taking down the entire market or threatening the stability of the system entirely. Like the last time we had a major market malfunction, financial crisis of 2008. And because these financial institutions were so levered up across so many domains, it largely put the entire system at risk. We're seeing the unwinding of some prominent sectors or correction in prominent sectors in a way that doesn't threaten the broader economy. And I think that's a really healthy sign, one that we can kind of make these corrections, bring certain sectors down to earth, but also do it in a way that that doesn't present structural threat.



**Bryce Ward:** Yeah, I mean, tech is not a huge proportion of the economy. And, you know, we've heard a lot about these big giant layoffs. And literally just today we had the new monthly data on layoffs and they're not down nationally. It's almost similar to the politics, right, is tech and media. So social media and other media, they take a lot of bandwidth in our in our media environment and thus in our brains. And, you know, hopefully some of this correction also leads to some of us saying, why am I paying so much attention to, it's just a company. Why are the people emotionally invested in the success of these companies who are not like major stockholders in these companies? Do they provide a service that is socially valuable or individually valuable at a price that I'm willing to pay? That should be it and then the rest of it, we should just go about our lives. And basically, you know, yeah, the bigger question is, is the economy increasing opportunity and prosperity for all of us? Is the tide rising and is it lifting all the boats? And, you know, those are just big questions. They don't require us to care what's happening at Meta or at Twitter or in crypto because, you know, yeah, if you're heavily invested in it, yeah, you care. But most people are not.

**Justin Angle:** Yeah. Crypto is another piece of this that I think is really interesting. We've seen, you know, a big shakeout in the crypto space, but in essence, like what appears to be a pyramid scheme, but not one that is so correlated or intertwined with other financial institutions in markets that have threatened the stability of the whole system. There's certainly leverage in that space, but it's sort of leverage within these categories of tokens and if all of them are worthless, it doesn't mean that the banking system collapsed.

**Bryce Ward:** Yes. If you were heavily invested in these spaces, then this is bad news for you.

But most people are not heavily invested in these spaces and therefore bad news for them. But the rest of us aren't like, oh crap, you're taking the rest of us down with you. And that's hopefully what will continue. And yeah, you know, I feel like it seems more sane, I guess if we can, you know, yeah. Deflate some of these bubbles, put things back into a realm where, hey, you know what, companies are good, ones that make profits.

**Justin Angle:** Yeah, yeah, exactly.

**Bryce Ward:** That produce socially valuable goods and make money. You know, I feel like we've been, and a lot of this is a function of low interest rates that, you know, suddenly reversed. But, you know, in the low interest rate world, we had a lot of just chasing, you know, the next big thing and, you know, throwing a bunch of money in after it. But, you know, the companies weren't actually profitable. And, you know, hopefully now we can build an economy on a more stable ground of hey, this is profit, although interest rates may go back down, and we go may go right back into it.

**Justin Angle:** Yeah, the point about interest rates is a really important one. I mean, the era of sort of easy money has kind of come to at least a temporary close. And that does raise the prominence of business fundamentals. Driving a stock price, driving a valuation. You've got to sustain a margin. You have to produce a product that you can sell for a higher price than it cost you to make it. And, you know, those sorts of things are easy to lose sight of in a cheap money

environment, particularly a negative interest rate environment that we had for a short period of time.

**Justin Angle:** We'll be back to my conversation with Bryce Ward after this short break.

**Justin Angle:** Welcome back to A New Angle. I'm speaking with Bryce Ward about the best of our society.

**Bryce Ward:** Higher interest rates create a whole bunch of winners and losers, but every once in a while, you know, I do think it is useful for the economy to have to revert to some fundamentals, because that's also where the market generates its social value. Right. It's not, oh, hey, here's something that kind of works, because some people are throwing money around. It's oh, no, this has to actually work. And hopefully then if the markets are well functioning, which they aren't all the time, but if they are well-functioning, that's when we get the good stuff that we teach, you know, undergrads in economics about markets, right? It's like, oh hey, when you have a well-functioning market, you can actually create a lot of welfare for society.

**Justin Angle:** Yeah. And a piece of that I'd like to just flag and we don't really know the answer to this yet is I think back to about two years ago. So, I teach a freshman class here called the Business Safari and two years ago in the fall semesters when GameStop was happening and kind of the rise of Robinhood, which is a, you know, trading app that allows kind of you to trade

portions of shares of companies, just creates a lot of accessibility. And when we're talking about GameStop, I was kind of stunned at how many of my students were kind of getting involved. As we talked about that, an increasing number of them seem to be taking positions in crypto. At the same time, one of the things we talk about in this course is time value of money and how it's really important when you're young to learn time value of money and to take advantage of it.

**Bryce Ward:** Let compounding work for you.

**Justin Angle:** Yeah, exactly. It is such a powerful force and so I am concerned. My hunch is that, you know, this crypto space skews younger. And if we have, uh, you know, a generation of younger folks that could have been invested in simple savings accounts, bonds or more stable assets, you know, if they had a portion of their fledgling wealth kind of wiped out by this crypto thing, that's unfortunate because that could put them against the tide for a long period of time.

**Bryce Ward:** It's an unfortunate reality, but we have to learn these lessons the hard way every so often.

**Justin Angle:** Anyway, let's turn our attention to some things more locally, because some awesome things are happening here in Montana, in the Northern Rockies in general. Bryce, what do you think about what's happening locally?

**Bryce Ward:** I'll highlight Medicaid expansion. It continues to do great things, not just in Montana, but everywhere. But, you know, I mean, it really has provided health insurance to a lot of people. Those people are no less likely to work, it hasn't depressed any kind of, you know, interests or ability to earn money. We have just enormous, and I think because of the way Medicaid expansion got rolled out with some states doing it and some states not doing it, it's kind of an experiment. So, we get to see what happens. And it's good for the individuals. They get health insurance, they get more health care, they get better health outcomes, including lower mortality. It also is good for them because it improves their financial health or lowers the risk of bankruptcy. It allows them to spend money on other things. And then it's good for the health care system, right? It provides an infusion of money, particularly to rural hospitals. And we're still seeing all those benefits. What are we seven years after we, six years after we started? Almost seven years after we started. And, you know, I think it's good to note that sometimes public policy really can make a difference for a lot of people. And in ways that, you know, particularly from the state's perspective haven't cost us very much when in fact it doesn't cost the state any money.

**Justin Angle:** Yeah, super. Well, the thing that I found kind of most encouraging here in Montana this last year was a relatively mild fire season. And there's lots of costs and benefits to that. I mean, certainly we have, you know, an accumulation of fuel on the landscape based on years and years of fire suppression that kind of needs to, we kind of need to burn through in some areas. I think some of the catastrophic fires of 2017 helped us get closer to sort of a

healthy balance there. But a mild fire season certainly, you know, doesn't threaten the lives of communities and structures and things like that that it has in the past. So, taking that that stress off of populations, particularly rural populations, has been, that's a nice benefit. The health effects of kind of having a relatively mild and brief smoke season are important. Chronic exposure to wildfire smoke. We're learning more and more about it and it's not good. The stuff we're learning is not good. And then beyond that, I think that allowed our land management agencies some time and resources and energy coupled with a, you know, relatively early onset of winter and snow. It gave these folks the opportunity to pull off some prescribed burning, a lot of prescribed burning up here north of Missoula in the Rattlesnake, Marshall Woods project. Been really conducive to doing that. Yeah, it throws some smoke into the valley. But, you know, it's work that needs to be done. It's work that will keep Missoula safer. You know, I'm just thankful that, you know, the agencies were able to pull that off this season.

**Bryce Ward:** I definitely noticed an uptick in prescribed burns. I don't know if it's actually, but I certainly I noticed more.

**Justin Angle:** Yeah, I don't know about acreage and so forth, but just sort of completion of certain projects, the rates were pretty high.

**Bryce Ward:** Basically, it's a question of how do you want your smoke? You know, I can have a miserable summer, or I can have, you know, on an afternoon, get a little smoky. I'm kind of in favor of the latter, particularly given that the evidence base for prescribed burning, I think, is

really accelerated. It really does help reduce the risk from extreme fire. And given how much extreme fire we've had in the West the past several years, if we can do anything to reduce that, I'm kind of in favor of giving it a shot.

**Justin Angle:** Absolutely. And, you know, we'll sort of have to see how it plays out. Every year is different. Our experience of smoke here in western Montana a lot of times is based on what's happening far away from us: B.C, Washington State, Oregon, Idaho, even California. So sometimes you might not have any fire near you, but the smoke ends up in your backyard.

**Bryce Ward:** And to be fair, it's not that nobody had smoke. I mean, Seattle, Portland, they had a pretty awful smoke year. We did not. But I did some research like a few years ago on this, and the Bitterroot was literally maybe, I don't know if it was the worst, but it was one of the worst in terms of just how often it picks up somebody else's smoke, that then inundates. And Missoula was not far behind. We just are in an unfortunate nexus of airstream patterns it appears. It can be smokey in Northern California, and it can make our lives unpleasant, or it can be in Alaska or British Columbia and our lives can be miserable. Or it can be here, and our lives can be miserable. So, the fact that we avoided it this year, I will take, it was a very nice summer to not be sitting there going, oh, man, another week of reading Sarah Coe field hoping she's going to tell me that the inversion is going to break, and I'll actually get to see the sun in the blue sky.

**Justin Angle:** I will say, though, in all fairness, the Moose Fire in Idaho did dump a lot of smoke in the southwest Montana. Bryce In our meantime time, any other things that are kind of perking you up at this year, end time?

**Bryce Ward:** Sure. Actually, I'll build, I'll link it to fire. You know, it's not just, you know, Sarah Coe field has an array of tools that did not exist a few years ago. And this is a part of a larger trend in society, which is one of the benefits of an increasingly affluent economic growth and greater affluence, is we have more resources to devote to solving problems, to creating information like smoke forecast. Right. You can go online, and the National Weather Service has a smoke model, right. So, you can kind of see, oh, I actually, it's not just is there smoke or not? I can actually. Oh, yeah, it looks like smoke is going to come. And, you know, it's like a weather forecast. But weather forecasts, if you compare weather forecast today to what they were, you know, when we were kids, I mean, the ability to precisely locate at a tornado. Tell me when smoke's coming. Tell me when snow is coming. These are big impacts. Right. And so, you know, the, I am going to put this all under an umbrella of increasing abundance of information. So, we both have more information about how to solve all sorts of problems, and we have access to that information. We've talked a lot about the downsides of that, but it's worth pointing out that the access to information has enormous. Yeah. Just from. Yeah. Is a tornado going to strike near me? A big, big, important piece of information or I got to make some dinner like, you know, the ability of the home cook to find the technology, i.e., recipes and how to instruction manuals. It's a truly a remarkable change in our lives. And yeah, so, you know, these are real benefits of information abundance that, it's easy to take for granted cause



we've had them for a while. And it's also easy to fixate on the negative side of it, as we have on this podcast. But it's also worth you know, it's worth remembering that that access to information can really make a big difference in your life, and it does on a daily basis. And, you know, and the easiest one is just the accuracy of a weather forecast.

**Justin Angle:** Yeah. Yeah. I mean, I think in general in this series, we often press pause on technological advancements and say, hey, what could be some of the downsides of these things? And I think that's really important for society to do. But at the same time, like these are advancements, this is progress, and they're steps in the right direction. I guess as we close here, Bryce, I want to recognize a few folks, mostly you and your contributions to this series. We're approaching five years of A New Angle and you were guest number one and have been sort of an enthusiastic supporter of the project since the very start. So, I thank you for that. I thank you for your friendship and for sharing your expertise so generously with our audience.

**Bryce Ward:** Well, thanks for creating something that's great for Montana. I mean, it really is great that we have a show that is all about awesome people doing cool things in and around Montana. I think this is missing from a lot of states. So. Thanks for having me. I can't believe it's been five years since we were standing at a birthday party and you said, hey, I think I'm to start a podcast. I guess that means we're old because, like, five years, man.

**Justin Angle:** Yeah, yeah. Let's not. We're talking about things that make us happy.

**Bryce Ward:** Sorry.

**Justin Angle:** Come on.

**Bryce Ward:** Sorry. Yeah. So back to the good stuff. I mean, five years. I mean, the fact that you've done it for five, I mean, how many episodes?

**Justin Angle:** Oh, gosh. We're, like, closing in on 300. So, and we've been on the radio and Montana Public Radio for a year and a half in Yellowstone Public Radio for a half a year. And we're grateful for those opportunities. I know folks always listen to the credits all the way to the end every week, but I must give a special call out to the special folks that make this thing go. Jeff Meese handles our sound. Keely Larson does our producing, Aj Williams does our social media. The great Nick Mott is our editor. The College of Business here at the University of Montana gives us a studio and gives us time to get this thing done. Montana Public Radio is a great partner, as are our wonderful sponsors. So, thanks to everybody that makes this happen. And we will see you in 2023. We'll revisit our prediction show from 2022 and make some predictions for 2023. We'll see how, we'll see how we did when we go and revisit those predictions. Bryce until then, have a great holiday and the rest of you out there. You as well.

**Bryce Ward:** Happy holidays, to you.

**Justin Angle:** Thanks for listening to A New Angle. We really appreciate it. And we're coming to you from Studio 49, a generous gift from UM Alums, Michele and Loren Hansen.

**Justin Angle:** A New Angle is presented by First Security Bank, Blackfoot Communications and the University of Montana College of Business, with additional support from Consolidated Electrical Distributors, Drum Coffee and Montana Public Radio. Keely Larson is our producer. VTO, Jeff Amentt and John Wicks made our music. Editing by Nick Mott, Social Media by Aj Williams, and Jeff Meese is our master of all things sound. Thanks a lot, and see you next time.